

Tobin & Co.

Garfield Charter Township

Grand Traverse County, Michigan

Audit Report

For the Year Ended December 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Garfield Charter Township	County Grand Traverse
Audit Date 12/31/04	Opinion Date 4/28/05	Date Accountant Report Submitted to State: 6/8/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) TOBIN & CO., P.C.			
Street Address 400 E. EIGHTH ST.			
Accountant Signature <i>David S. Parker</i>		State MI	ZIP 49686-2668
		Date 231-947-0151	

Tobin & Co.

Table of Contents

INTRODUCTORY SECTION

Comments and Recommendations	4 - 6
------------------------------	-------

FINANCIAL SECTION

Accountant's Report	8
Management's Discussion and Analysis	9 - 12

Basic Financial Statements

Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14

Governmental Funds:	
Balance Sheet	15
Statement of Revenues, Expenditures and Changes in Fund Balances	16
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances	17

Enterprise Water and Sewer Fund:	
Statement of Net Assets	18
Statement of Revenues, Expenses and Changes in Net Assets	19
Statement of Cash Flows	20

Fiduciary Funds:	
Statement of Fiduciary Net Assets	21

Notes to Basic Financial Statements	22 - 31
-------------------------------------	---------

SUPPLEMENTAL DATA SECTION

Required Supplementary Information:	
Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
1 - General Fund	33 - 36
2 - Fire Fund	37
3 - Public Works Fund	38
4 - Municipal Building Construction Fund	39

Non-major Governmental Funds:	
5 - Combining Balance Sheet	40
6 - Combining Statements of Revenues, Expenditures and Changes in Fund Balances	41

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

7 - Public Improvement Fund	42
8 - Budget Stabilization Fund	43
9 - Street Lighting Fund	44
10 - Park System Fund	45
11 - Building Fund	46
12 - Park System Construction Fund	47

Other Supplementary Information

13 - Combining Statement of Changes in Assets and Liabilities – All Agency Funds	48
14 - 2003 Property Tax Levy and Collection	49

INTRODUCTORY SECTION

Tobin & Co.

Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Garfield Charter Township, Grand Traverse County, for the year ended December 31, 2004 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Garfield Charter Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Your present Clerk, Treasurer and Deputies maintain receipts journals, disbursements journals, general ledgers and account books prescribed in the Uniform Accounting Procedures developed by the State Department of Treasury. These records were well maintained. Comments and recommendations regarding items other than the accounting records themselves are as follows:

Budgets and Procedures

The required budgets were prepared for the General Fund and Special Revenue Funds. All budgets appear to have been amended prior to authorization to expend over and above the original budget amounts.

General Fund

The General Fund is presented on Schedule 1 of this report. The fund balance decreased by \$342,618 from the prior year and totaled \$3,670,634 at December 31, 2004, of which \$414,364 has been reserved by the Township Board for land acquisition and other to be specified expenditures.

Special Revenue Funds

Fire Fund

This fund, presented on Schedule 2, is used to account for the special assessment tax levy for Township fire protection. Revenues consisted principally of property taxes of \$1,007,033 and earned interest of \$9,872. Expenditures were \$978,208, consisting primarily of contractual payments to the Grand Traverse Metro Fire Department of \$803,749 and salaries and wages of \$134,603. The fund balance at December 31, 2004 was \$717,622.

Public Improvement Fund

This fund, presented on Schedule 7, was formed by Board resolution to account for special assessments levied for Township road improvement projects and for funds allocated from the General Fund for major capital improvements. Revenues consisted of special assessment collections and earned interest. The fund balance at December 31, 2004 was \$215,068.

Budget Stabilization Fund

This fund, presented on Schedule 8, is used by the Township to set aside a portion of the General Fund surplus for future budgetary needs. The fund is permitted by statute. The fund balance at December 31, 2004 was \$77,561.

Street Lighting Fund

This fund, presented on Schedule 9, is used to account for special assessments collected from residents of special street lighting districts. Assessments and earned interest totaled \$17,619 for the audit year, while utility expenses were \$17,626. The fund balance at December 31, 2004 was \$25,566.

Tobin & Co.

Comments and Recommendations

Public Works Fund

This fund, presented on Schedule 3, is used to account for accumulated transfers and earned interest set aside for service of current and future obligations of the Township. The fund balance at December 31, 2004 was \$627,678.

Park System Fund

This fund, presented on Schedule 10, is used to account for taxes levied and debt service for the purchase of land for, and operations of, the Township's parklands. Revenues consisted of current taxes of \$316,052, and a donation of land and buildings of \$500,000. Expenditures for debt service were \$176,062 and for capital outlay of \$500,000. The fund made a \$70,162 transfer to the Park System Construction Fund. The fund balance at December 31, 2004 was \$196,663.

Municipal Building Fund

This fund, presented on Schedule 11, is used to account for taxes levied and debt service for the construction of a new Township Hall. Revenues consisted of current taxes of \$316,052. Expenditures for debt service were \$295,954 and the fund balance at December 31, 2004 was \$289,754.

Capital Projects Funds

Park System Construction Fund

This fund, presented on Schedule 12, is used to account for monies borrowed and capital outlay for park system land purchase and construction. Expenditures for capital outlay were \$109,692 and the fund balance at December 31, 2004 was \$-0-

Municipal Building Construction Fund

This fund, presented on Schedule 4, is used to account for monies borrowed and construction of a new Township Hall. Proceeds of loan consisted of \$1,500,000 and construction costs were \$1,625,584. The General Fund made a \$250,000 transfer to this fund. The fund balance at December 31, 2004 was \$160,217.

Enterprise Fund

The sewer and water operations of the Township, maintained in part by the Township and in part by the County DPW, are presented in the Township's basic financial statements. These financial statements incorporate all aspects of the sewer and water operations and financial position, including special assessments and long-term debt.

Fiduciary Funds

These funds are presented on Schedule 13. They consist of the Trust and Agency Fund, the Current Tax Collection Fund, and the Flex Medical Insurance Fund, and are used to account for monies received by the Township that are not available for Township use but are due to other units of government, other funds, or to firms and individuals.

Property Tax Collections

The collection and distribution of the 2003 tax levy was handled in an excellent manner by the Township Treasurer. Paid receipts were filed in order of payment. Deposits were made timely and intact. Distributions to taxing units during the collection period were in accordance with statutory requirements.

See Schedule 14 for a summary of the 2003 tax levy and collections.

Payroll Procedures

The Clerk maintains excellent payroll records. Payroll withholdings were promptly remitted to various agencies and required reports were properly prepared. It appears that Forms W-2 and/or 1099 were properly utilized.

Tobin & Co.

Comments and Recommendations

Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general liability, errors and omissions, workmen's compensation, equipment and crime coverage. Records indicate that coverage was reviewed during the audit year. The Clerk, Treasurer, and their deputies, as well as the Supervisor, Accountant, and Assistant Treasurer have surety bond coverage. There is also a blanket bond covering all employees.

Other Data

We are pleased to note the use of interest bearing depository accounts and the purchase of certificates of deposit and other investments from temporary surplus funds. These practices resulted in earned interest of over \$86,976 for the audit year. This practice reflects favorably on the Treasure and other Board members.

After completion of our audit, we will mail the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field examiners in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

Tobin & Co.

FINANCIAL SECTION

Tobin & Co.

REPORT OF INDEPENDENT AUDITOR

To the Township Board
Garfield Charter Township
Grand Traverse County
Traverse City, Michigan 49684

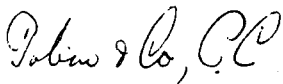
We have audited the basic financial statements of Garfield Charter Township as of and for the year ended December 31, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of such funds of Garfield Charter Township at December 31, 2004, and the results of operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Garfield Charter Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
Certified Public Accountants
April 28, 2005

Tobin & Co.

Garfield Charter Township Management Discussion and Analysis Letter

As the Township Board of the Garfield Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Garfield Charter Township for the fiscal year ended December 31, 2004.

Financial Highlights

The assets of Garfield Charter Township exceeded its liabilities at the close of the most recent fiscal year by \$41,393,697. Of this amount, \$5,858,444 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$5,980,763, a decrease of \$110,766 in comparison with the prior year. Approximately ninety-three percent of the total amount, \$5,566,399, is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,256,270, or eighty-seven percent of total general fund expenditures.

The Township's total debt increased by \$1,312,240, or eleven percent, during the current fiscal year. The key factor in this increase is 2004 sewer and water bonds and the Township building note.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Garfield Charter Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Township include: general government, public safety, road projects, sanitation, and recreation. The business-type activities of the Township include building inspections and sewer and water system.

The government-wide financial statements can be found on pages 13 and 14 of this report.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Garfield Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds:

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Garfield Charter Township maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, Public Works

Tobin & Co.

Fund, and Municipal building Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund, special revenue funds, debt service funds, and capital projects funds. Budgetary comparison statements have been provided for the general fund and other governmental funds to demonstrate compliance with this budget.

Proprietary funds: Garfield Charter Township maintains a single proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its water and sewer activity.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 21 and 48 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 31 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Garfield Charter Township, assets exceeded liabilities by \$41,393,697 at the close of the most recent fiscal year.

By far the most significant portion of the Township's net assets, seventy percent, reflects its investment in capital assets such as land, buildings, machinery, and equipment, less any related debt used to acquire those assets that are still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Township's Net Assets

	Governmental Activities	Business-Type Activities	Total
Current and Other Assets			
Capital Assets	\$ 9,165,913	\$ 6,872,098	\$ 16,038,011
	<u>6,637,783</u>	<u>35,361,683</u>	<u>41,999,466</u>
Total Assets	<u>\$ 15,803,696</u>	<u>\$ 42,233,781</u>	<u>\$ 58,037,477</u>
Long-term Liabilities	\$ 3,485,257	\$ 9,607,177	\$ 13,092,434
Other Liabilities	<u>3,241,562</u>	<u>309,784</u>	<u>3,551,346</u>
Total Liabilities	<u>\$ 6,726,819</u>	<u>\$ 9,916,961</u>	<u>\$ 16,643,780</u>
Net Assets:			
Invested in Capital Assets			
Restricted	\$ 3,152,526	\$ 25,754,506	\$ 28,907,032
Unrestricted	<u>3,035,307</u>	<u>3,592,914</u>	<u>6,628,221</u>
	<u>2,889,044</u>	<u>2,969,400</u>	<u>5,858,444</u>
Total Net Assets	<u>\$ 9,076,877</u>	<u>\$ 32,316,820</u>	<u>\$ 41,393,697</u>

An additional portion of the Township's net assets, sixteen percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$5,858,444 may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Tobin & Co.

Governmental activities: Governmental activities increased the Township's net assets by \$1,503,588, accounting for fifty-nine percent of the total growth in the net assets of the Township. Key elements of this increase are as follows: purchase of land, building and sound management tools.

	Governmental Activities	Business-Type Activities	Total
Program Revenues			
Charges for Services	\$ 67,081	\$ 4,820,431	\$ 4,887,512
Operating Grants and Contributions	1,018,313	1,074,118	2,092,431
General Revenues			
Property Taxes	2,942,031	-	2,942,031
State Shared Revenues	934,321	-	934,321
Franchise Fees	184,663	-	184,663
Unrestricted Investments Earnings	93,145	65,881	159,026
Miscellaneous	37,515	-	37,515
Total Revenues	5,277,069	5,960,430	11,237,499
Program Expenses			
Legislative	862,859	-	862,859
General Government	405,042	-	405,042
Public Safety	2,145,373	233,954	2,379,327
Public Works	79,908	4,661,326	4,741,234
Health and Welfare	152,050	-	152,050
Recreation and Cultural	20,992	-	20,992
Interest on Long-term Debt	107,257	-	107,257
Total Expenses	3,773,481	4,895,280	8,668,761
Change in Net Assets	\$ 1,503,588	\$ 1,065,150	\$ 2,568,738

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities: Business-type activities increased the Township's net assets by \$1,065,150, accounting for forty-one percent of the total growth in the Township's net assets. Key elements of this increase are as follows: water and sewer lines and sound management tools.

Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$5,980,763, a decrease of \$110,775 in comparison with the prior year.

Approximately ninety-three percent of the total amount, \$5,566,399, constitutes unreserved fund balance, which is available for spending at the Township's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a variety of other restricted purposes.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,256,270 and the total fund balance was \$3,670,634. Unreserved fund balance represents eighty-seven percent of total general fund expenditures. The fund balance of the Township's general fund decreased by \$342,618 during the current fiscal year. Key factors were as follows: purchase of land and buildings.

Proprietary funds: The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$2,912,988. The total growth in net assets was \$1,008,738. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

Tobin & Co.

General Fund Budgetary Highlights: Differences between the original budget and the final amended budget were \$930,910 increase in appropriations and can be briefly summarized as follows: purchase of land.

Capital Asset and Debt Administration

Capital assets: The Township's investment in capital assets for its governmental and business type activities as of December 31, 2004, amounts to \$41,944,144 (net of accumulated depreciation). This investment in capital assets includes: (land, building and improvements, sewer and water systems, machinery and equipment, park facilities, etc). The total increase in the Township's investment in capital assets for the current fiscal year was ten percent.

Major capital asset events during the current fiscal year included the following: purchase of YMCA property and new township hall.

Details of the Township's capital assets are contained in the notes to the financial statements on page 26.

Long-term debt: At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$13,172,257. This debt is backed by the full faith and credit of the government.

Additional information on the Township's long-term debt can be found in the notes on pages 27 and 28.

Economic Factors and Next Year's Budgets

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to decrease in the 2005 fiscal year. The Township's millage rate was reduced again by the Headlee Amendment rollback for general operating purposes. These factors were considered in preparing the Township's budget for the 2005 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$3,256,270. The Township has presented a balanced budget in the current fiscal year budget.

The Water and Sewer Fund rates were increased for the current budget year. These rate increases were necessary to finance the debt service and the ongoing water and sewer system improvements.

Requests for Information

This financial report is designed to provide a general overview of Garfield Charter Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor, Treasurer, or Clerk of Garfield Charter Township, 3848 Veterans Drive, Traverse City, Michigan 49684 or you may phone us at 231-941-1620.

Tobin & Co.

Garfield Charter Township Statement of Net Assets December 31, 2004

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents			
Investments	\$ 2,750,452	\$ 3,812,294	\$ 6,562,746
Accounts Receivable	2,782,430	2,078,245	4,860,675
Taxes Receivable – Current	747,187	561,239	1,308,426
Special Assessments Receivable	2,838,638	-	2,838,638
Due from Other Activities	16,464	412,520	428,984
Prepaid Expenditures	16,602	7,800	24,402
Capital Assets:	14,140	-	14,140
Land			
Other Capital Assets, Net of Depreciation	3,034,592	102,927	3,137,519
Intangible Assets, Net of Amortization	3,603,191	35,203,434	38,806,625
	-	55,322	55,322
Total Assets	15,803,696	42,233,781	58,037,477
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses			
Due to Other Activities	96,186	293,182	389,368
Deferred Revenues	7,800	16,602	24,402
Long-term Liabilities, Net of Discounts:	3,137,576	-	3,137,576
Due Within One Year			
Due in More Than One Year	359,879	525,000	884,879
	3,125,378	9,082,177	12,207,555
Total Liabilities	6,726,819	9,916,961	16,643,780
<u>Net Assets</u>			
Invested in Capital Assets and Intangible Assets, Net of Related Debt			
Restricted	3,152,526	25,754,506	28,907,032
Unrestricted	3,035,307	3,592,914	6,628,221
	2,889,044	2,969,400	5,858,444
Total Net Assets	\$ 9,076,877	\$32,316,820	\$41,393,697

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Garfield Charter Township Statement of Activities December 31, 2004

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		Total
		Fees and Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Legislative	\$ 405,042	\$ -	\$ -	\$ (405,042)	\$ -	\$ (405,042)
General Government	862,859	21,362	-	(841,497)	-	(841,497)
Public Safety	2,145,373	10,071	13,313	(2,121,989)	-	(2,121,989)
Health and Welfare	152,050	-	-	(152,050)	-	(152,050)
Public Works	79,908	35,648	-	(44,260)	-	(44,260)
Recreation and Cultural	20,992	-	1,005,000	984,008	-	984,008
Interest on Long-term Debt	<u>107,257</u>	-	-	<u>(107,257)</u>	-	<u>(107,257)</u>
Total Governmental Activities	<u>3,773,481</u>	<u>67,081</u>	<u>1,018,313</u>	<u>(2,688,087)</u>	-	<u>(2,688,087)</u>
Business-type Activities:						
Building Inspection	233,954	290,366	-	-	56,412	56,412
Sewer and Water	<u>4,661,326</u>	<u>4,530,065</u>	<u>1,074,118</u>	-	<u>942,857</u>	<u>942,857</u>
Total Business-type Activities	<u>4,895,280</u>	<u>4,820,431</u>	<u>1,074,118</u>	-	<u>999,269</u>	<u>999,269</u>
Total	<u>\$ 8,668,761</u>	<u>\$ 4,887,512</u>	<u>\$ 2,092,431</u>	<u>(2,688,087)</u>	<u>999,269</u>	<u>(1,688,818)</u>
General Revenues:						
Taxes				2,942,031	-	2,942,031
State Shared Revenues				934,321	-	934,321
Franchise Fees				184,663	-	184,663
Investment Earnings				93,145	65,881	159,026
Gain on Sale of Capital Assets				6,769	-	6,769
Miscellaneous				<u>30,746</u>	-	<u>30,746</u>
Total General Revenues				<u>4,191,675</u>	<u>65,881</u>	<u>4,257,556</u>
Change in Net Assets				1,503,588	1,065,150	2,568,738
Net Assets – Beginning				<u>7,573,289</u>	<u>31,251,670</u>	<u>38,824,959</u>
Net Assets – Ending				<u>\$ 9,076,877</u>	<u>\$32,316,820</u>	<u>\$41,393,697</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Garfield Charter Township Balance Sheet Governmental Funds December 31, 2004

	<u>General</u>	<u>Fire</u>	<u>Public Works</u>	<u>Municipal Building Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Cash and Cash Equivalents	\$ -	\$ 326,068	\$ -	\$ 160,217	\$ 576,344	\$ 1,062,629
Certificates of Deposit	982,434	-	627,678	-	77,561	1,687,673
Investments	2,120,909	504,789	-	-	213,144	2,838,842
Petty Cash	150	-	-	-	-	150
Accounts Receivable	747,187	-	-	-	-	747,187
Taxes Receivable – Current	1,228,155	995,533	-	-	614,950	2,838,638
Special Assessments Receivable:						
Current	-	-	-	-	14,166	14,166
Delinquent	-	-	-	-	1,777	1,777
Deferred	-	-	-	-	374	374
Interest Receivable on Assessments	-	-	-	-	147	147
Due from Other Funds	18,029	-	-	-	-	18,029
Prepaid Expenditures	14,140	-	-	-	-	14,140
Total	<u>\$ 5,111,004</u>	<u>\$ 1,826,390</u>	<u>\$ 627,678</u>	<u>\$ 160,217</u>	<u>\$ 1,498,463</u>	<u>9,223,752</u>
<u>Liabilities and Fund Equity</u>						
<u>Liabilities:</u>						
Accounts Payable	\$ 70,214	\$ 2,872	\$ -	\$ -	\$ -	73,086
Accrued Vacation Pay	23,100	-	-	-	-	23,100
Due to Other Funds	-	7,800	-	-	1,427	9,227
Deferred Revenue	1,347,056	1,098,096	-	-	692,424	3,137,576
Total	<u>1,440,370</u>	<u>1,108,768</u>	<u>-</u>	<u>-</u>	<u>693,851</u>	<u>3,242,989</u>
<u>Fund Equity:</u>						
Fund Balance – Reserved	414,364	-	-	-	-	414,364
Fund Balance – Unreserved	3,256,270	717,622	627,678	160,217	804,612	5,566,399
Total	<u>3,670,634</u>	<u>717,622</u>	<u>627,678</u>	<u>160,217</u>	<u>804,612</u>	<u>5,980,763</u>
Total Liabilities and Fund Equity	<u>\$ 5,111,004</u>	<u>\$ 1,826,390</u>	<u>\$ 627,678</u>	<u>\$ 160,217</u>	<u>\$ 1,498,463</u>	

Amounts reported for governmental activities on the statement of net assets are different because:

Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.

6,637,783

Long-term liabilities do not use current financial resources and therefore are not reported in the funds.

(3,485,257)

Governmental Fund net assets allocated to the Building Inspection business-type activity.

(56,412)

Net assets of governmental activities.

\$ 9,076,877

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	<u>General</u>	<u>Fire</u>	<u>Public Works</u>	<u>Municipal Building Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>						
Taxes	\$ 1,302,894	\$ 1,007,033	\$ -	\$ -	\$ 632,104	\$ 2,942,031
Licenses and Permits	302,937	-	-	-	-	302,937
State Grants	1,452,634	-	-	-	-	1,452,634
Charges for Services	49,608	-	-	-	-	49,608
Interest and Rents	263,989	9,872	10,340	-	148	284,349
Other	10,395	2,543	-	-	522,938	535,876
Total	<u>3,382,457</u>	<u>1,019,448</u>	<u>10,340</u>	<u>-</u>	<u>1,155,190</u>	<u>5,567,435</u>
<u>Expenditures</u>						
Legislative	269,467	-	-	-	-	269,467
General Government	641,367	-	-	-	-	641,367
Public Safety	1,154,240	978,208	-	-	-	2,132,448
Health and Welfare	152,050	-	-	-	-	152,050
Public Works	62,282	-	-	-	17,626	79,908
Other	500,235	-	-	-	-	500,235
Capital Outlay	695,434	-	-	1,625,584	609,692	2,930,710
Debt Service	-	-	-	-	472,016	472,016
Total	<u>3,475,075</u>	<u>978,208</u>	<u>-</u>	<u>1,625,584</u>	<u>1,099,334</u>	<u>7,178,201</u>
<u>Excess Revenues (Expenditures)</u>	<u>(92,618)</u>	<u>41,240</u>	<u>10,340</u>	<u>(1,625,584)</u>	<u>55,856</u>	<u>(1,610,766)</u>
<u>Other Financing Sources (Uses)</u>						
Proceeds of Loan	-	-	-	1,500,000	-	1,500,000
Operating Transfers In	-	-	-	250,000	70,162	320,162
Operating Transfers (Out)	(250,000)	-	-	-	(70,162)	(320,162)
Total	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>1,750,000</u>	<u>-</u>	<u>1,500,000</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>(342,618)</u>	<u>41,240</u>	<u>10,340</u>	<u>124,416</u>	<u>55,856</u>	<u>(110,766)</u>
Fund Balance – Beginning of Year	<u>4,013,252</u>	<u>676,382</u>	<u>617,338</u>	<u>35,801</u>	<u>748,756</u>	<u>6,091,549</u>
Fund Balance – End of Year	<u>\$ 3,670,634</u>	<u>\$ 717,622</u>	<u>\$ 627,678</u>	<u>\$ 160,217</u>	<u>\$ 804,612</u>	<u>\$ 5,980,783</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Garfield Charter Township
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Of Governmental Activities
For the Year Ended December 31, 2004

Net change in fund balances – total governmental funds	\$ (110,766)
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,806,007
Governmental funds report long-term debt proceeds as another financing source. However, this is not reported in the statement of activities.	(1,500,000)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayment during the period.	364,759
Change in net assets of a business-type activity of a governmental fund.	<u>(56,412)</u>
Changes in net assets of governmental activities	<u>\$ 1,503,588</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Garfield Charter Township
Statement of Net Assets
Enterprise Sewer and Water Fund
December 31, 2004

Assets

Cash and Cash Equivalents	\$ 3,812,294
Investments	2,021,833
Accounts Receivable	561,239
Special Assessments Receivable	412,520
Due from Other Activities	7,800
Capital Assets:	
Land	102,927
Other Capital Assets, Net of Depreciation	35,203,434
Intangible Asset, Net of Amortization	<u>55,322</u>
Total Assets	<u>42,177,369</u>

Liabilities

Accounts Payable and Accrued Expenses	293,182
Due to Other Activities	16,602
Long-term Liabilities, Net of Discounts:	
Due Within One Year	525,000
Due in More Than One Year	<u>9,082,177</u>
Total Liabilities	<u>9,916,961</u>

Net Assets

Invested in Capital and Intangible Assets, Net of Related Debt	25,754,506
Restricted	3,592,914
Unrestricted	<u>2,912,988</u>
Total Net Assets	<u>\$32,260,408</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenses and Changes in Net Assets
Enterprise Sewer and Water Fund
For the Year Ended December 31, 2004

<u>Operating Revenues</u>	
Charges for Services	\$ 4,476,374
Special Assessments	34,813
Other	<u>18,878</u>
Total	<u>4,530,065</u>
<u>Operating Expenses</u>	
Contractual Services – System Maintenance	2,383,855
Depreciation and Amortization	936,441
Capacity Lease	127,153
Debt Service:	
Interest and Fees	822,942
Principle Payments on Joint Ventures	<u>390,935</u>
Total	<u>4,661,326</u>
Operating Income (Loss)	<u>(131,261)</u>
<u>Non-operating Income (Expense)</u>	
Interest	57,093
Unrealized Gain on Investments	8,788
Capital Contributions	<u>1,074,118</u>
Total	<u>1,139,999</u>
Change in Net Assets	1,008,738
Net Assets – Beginning of Year	31,214,869
Prior Period Adjustment	<u>36,801</u>
Net Assets – End of Year	<u>\$32,260,408</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Garfield Charter Township
Statement of Cash Flows
Enterprise Sewer and Water Fund
For the Year Ended December 31, 2004

Operating Activities

Collection of Charges for Services	\$ 4,454,634
Collection of Special Assessments	101,803
Collection of Other Income	18,878
Collection of Interest and Unrealized Gains	64,573
Deduct Expenses Using Cash and Cash Equivalents	<u>(3,647,597)</u>

Net Cash Flow From Operating Activities	<u>992,291</u>
---	----------------

Capital Financing Activities

Advances to Other Funds	(800)
Acquisition of Capital Assets	(957,350)
Bond Proceeds, Net of Discount	663,744
Acquisition of Bond Origination Costs	(9,269)
Payment of Advances from Other Funds	(15,286)
Principal Payments	<u>(495,000)</u>

Net Cash Flow (Used By) Capital Financing Activities	<u>(813,161)</u>
--	------------------

<u>Net Increase in Cash</u>	179,130
-----------------------------	---------

<u>Balance of Cash and Investments – Beginning of Year</u>	<u>5,654,997</u>
--	------------------

<u>Balance of Cash and Investments – End of Year</u>	<u>\$ 5,834,127</u>
--	---------------------

Reconciliation of Change in Nets Assets and Net Cash Flow From Operating Activities

Change in Net Assets	\$ 1,008,738
----------------------	--------------

Adjustments to Reconcile Net Earnings:	
Depreciation and Amortization	943,115
(Increase) in Accounts Receivables	(21,740)
Collection of Principal Portion of Special Assessments	66,990
(Increase) in Interest Receivable	(1,308)
Increase in Payables	70,614
Capital Contributions	<u>(1,074,118)</u>

Net Cash Flow from Operating Activities	<u>\$ 992,291</u>
---	-------------------

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Garfield Charter Township
Statement of Fiduciary Net Assets
December 31, 2004

Assets

Cash and Investments	<u>\$ 2,294,405</u>
Total Assets	<u>2,294,405</u>

Liabilities

Accounts Payable	6,041
Undistributed Taxes and Interest	2,260,197
Escrow Deposits	<u>28,167</u>
Total Liabilities	<u>2,294,405</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Garfield Charter Township Notes to Financial Statements December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Garfield Charter Township was incorporated as a charter township in 1976 and is located in Grand Traverse County, Michigan. Population as of the 2000 census was 13,840, and the current State equalized valuation of the year of audit was \$801,037,977.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

Sewer and Water System Operations – The Grand Traverse County Board of Public Works operates, maintains and administers the Township's sewage disposal and water systems. The original construction and subsequent extensions were administered by the County and financed in part through bonds backed by the full faith and credit pledges of the Township.

The County DPW collects all user fees which are remitted to the Township, accounts for direct and allocated operating expenses which are billed to and paid by the Township, remits debt payments and maintains capital project and debt service funds. The Township's administration reviews DPW operations on behalf of the Township, establishes special assessment districts, approves of construction expenditures, collects special assessment levies, which are remitted to the County for debt retirement, and maintains the special assessment rolls.

The arrangements between the County and Township were established to enable more favorable interest rates and borrowing limits and to achieve overall efficiency in operating these public services to the community. The County is acting as an agent for the Township and the Township retains significant control and responsibility over operations of the sewer and water systems.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Tobin & Co.

Garfield Charter Township Notes to Financial Statements December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Debt Service Funds – These funds are used to account for special assessments and other resources to be used for the payment of interest and principal on long-term debt.

Capital Projects Funds – Capital Projects Funds are used to account for the purchases and/or construction of capital facilities which are not accounted for by Proprietary or Trust Funds.

Proprietary Funds – These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the statement of net assets.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

Tobin & Co.

Garfield Charter Township Notes to Financial Statements December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns or business-type activities in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Sewer and Water Systems	50 - 75 years
Buildings	30 - 60 years
Building Improvements	10 - 30 years
Vehicles	3 - 10 years
Office Furniture and Computer Equipment	3 - 10 years

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

G. Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

H. Prepaid Items

Prepaid balances are for payments made by the Township in the current year to provide services occurring in subsequent fiscal years.

I. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$801,037,977	\$647,725,930	2.9275
Fire Protection	\$702,293,688	\$549,806,090	1.8000

Tobin & Co.

Garfield Charter Township Notes to Financial Statements December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Special Assessment Revenue

Special Assessment Revenue is recognized in the year of levy. The Township has elected to recognize advance payments of special assessments as revenue upon receipt rather than allocating a portion of such payments to each year's levy.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at December 31, 2004.
- C. Public Act 621 of 1978, §18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended December 31, 2004, no activity overexpended its budget without formal Board amendment.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) In repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) In obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

Tobin & Co.

Garfield Charter Township Notes to Financial Statements December 31, 2004

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

B. Types of Deposits and Investments

The Township had \$11,847,858 deposited with local financial institutions at December 31, 2004 with a carrying value of \$11,755,522 and an additional \$305,413 invested through MBIA Municipal Investors Service Corporation. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$10,915,852 of uninsured deposits at December 31, 2004. In addition, the Township had \$1,656,742 on deposit through Grand Traverse County. The insured status of these deposits is unknown.

Investments of \$615,162 are carried at market value and represent pooled investments and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Investments of \$4,817,432 are carried at market value and consist of repurchase agreements of bonds and other direct obligations of the United States or agencies or instrumentalities of the United States.

NOTE 4 - RECEIVABLES

\$166,637 of accounts receivable of governmental activities represent State shared revenues for December 2004 received in January 2005.

\$505,000 of accounts receivable of governmental activities represent State grant revenues not yet received by audit date.

\$85,550 of accounts receivable of governmental activities represent an estimate of \$85,000 of cablevision franchise royalties and \$550 of tower space lease received in 2005.

\$488,962 of accounts receivable of business-type activities represents billed but uncollected sewer and water usage fees as of December 31, 2004.

\$1,777 of governmental activities and \$395,316 of business-type activities special assessments receivables are not due within one year.

NOTE 5 - CAPITAL/INTANGIBLE ASSETS

	<u>12/31/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/04</u>
Governmental Activities:				
Land	\$ 2,267,236	\$ 767,356	\$ -	\$ 3,034,592
Buildings and Improvements	1,965,713	2,064,005	-	4,029,718
Vehicles and Equipment	<u>318,062</u>	<u>174,719</u>	-	<u>492,781</u>
Total	4,551,011	3,006,080	-	7,557,091
Less Accumulated Depreciation	<u>(794,605)</u>	<u>(124,703)</u>	-	<u>(919,308)</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,756,406</u>	<u>\$ 2,881,377</u>	<u>\$ -</u>	<u>\$ 6,637,783</u>
Business-type Activities:				
Land	\$ 102,927	\$ -	\$ -	\$ 102,927
Sewer and Water Systems	45,660,581	2,031,470	-	47,692,051
Less Accumulated Depreciation	<u>(11,555,091)</u>	<u>(933,527)</u>	-	<u>(12,488,618)</u>
Business-type Activities Capital Assets, Net	<u>\$ 34,208,417</u>	<u>\$ 1,097,943</u>	<u>\$ -</u>	<u>\$ 35,306,360</u>

Intangible assets at December 31, 2004 consisted of bond origination costs of \$62,932 and \$53,664, less accumulated amortization of \$7,610 and \$4,696 at December 31, 2004 and 2003, respectively.

Tobin & Co.

Garfield Charter Township Notes to Financial Statements December 31, 2004

NOTE 6 - LOANS AND TRANSFERS BETWEEN FUNDS

The following is a summary of interfund receivables/payables as of December 31, 2004:

	Fire Fund	Special Revenue Lighting Fund	Sewer and Water Enterprise Fund	Total
Due From:				
Due To:				
General	\$ -	\$ 1,427	\$ 16,602	\$ 18,029
Sewer and Water Funds	<u>7,800</u>	<u>-</u>	<u>-</u>	<u>7,800</u>
	<u>\$ 7,800</u>	<u>\$ 1,427</u>	<u>\$ 16,602</u>	<u>\$ 25,829</u>

During the audit year the General Fund transferred \$250,000 to the Municipal Building Construction Fund and the Park System Debt Service Fund transferred \$70,162 to the Park System Construction Fund.

NOTE 7 - LONG-TERM DEBT

A. Listed below are descriptions of the bond issues included in the Township business-type activities. The following schedule presents the bonds issued by the County on behalf of the Township to finance construction and extension of sewer systems to be retired through special assessments and usage and connections fees. Also listed below are installment notes issued by the Township for purchase and development of Township parks and for the construction of a new town hall.

1. Grand Traverse County Water Supply and Sewage Disposal System (Garfield Charter Township), 1989 Bond Issue dated 6/1/89, original issue amount \$1,050,000, interest rates 6.45% - 9.0%, interest due dates 5/1 and 11/1, principal due date 11/1.
2. Water Supply and Sewage Disposal System (Garfield Charter Township) 1992 Series Bond Issue dated 8/1/92, original issue amount of \$1,270,000, interest rates 5.50% - 6.8%, interest due dates 5/1 and 11/1, principal due date 11/1.
3. 1999 Garfield Township Special Assessment Sewer Bonds, original issue amount \$365,000, interest rates 4.0% - 5.3%, interest due dates 5/1 and 11/1, principal due date 11/1.
4. 1999 Garfield Township General Obligation Sewer Bonds, original issue amount \$180,000, interest rates 4.0% - 5.3%, interest due dates 5/1 and 11/1, principal due date 11/1.
5. Water and Sewer System Improvements Projects (Garfield Charter Township) 2002 Series Bond Issues dated 2/1/02, original issue amount \$8,675,000, interest rates 3.00% - 5.00%, interest due dated 5/1 and 11/1, principal due date 11/1.
6. \$1,500,000 installment note payable to bank dated 12/31/02, 3.27% interest rate, due \$14,671.81 monthly including interest, collateralized by accounts at lending bank.
7. \$2,500,000 limited tax general obligation installment note payable to bank dated 8/18/03, 3.45% interest rate, due \$24,663 monthly including interest beginning 01/01/04, secured by a limited full faith and credit pledge of the Township.
8. Water and Sewer System Improvements Projects (Garfield and Peninsula Townships) 2004 Series Bond Issue dated 11/01/04, original issue amount \$672,000, interest rates 3.00% - 4.375%, interest due 5/1 and 11/1, principal due 11/1.

B. Changes in long-term debt are scheduled below:

Bonds Payable:	Balance 1/01/04	Additions	Retirements	Balance 12/31/04
Grand Traverse Cty. Water Supply & Sewage Disposal System (Garfield Twp) 1989 Bonds	\$ 450,000	\$ -	\$ 75,000	\$ 375,000
Water Supply & Sewage Disposal System (Garfield Twp) Bonds Series 1992	645,000	-	75,000	570,000
1997 Special Assessment Sewer Bonds	210,000	-	25,000	185,000
1997 General Obligation Sewer Bonds	120,000	-	15,000	105,000
Water Supply 2002 Bonds	8,085,000	-	305,000	7,780,000
Water and Sewer 2004 Bonds	<u>-</u>	<u>672,000</u>	<u>-</u>	<u>672,000</u>
	<u>\$ 9,510,000</u>	<u>\$ 672,000</u>	<u>\$ 495,000</u>	<u>\$ 9,687,000</u>

Tobin & Co.

Garfield Charter Township Notes to Financial Statements December 31, 2004

NOTE 7 - LONG-TERM DEBT (Continued)

General Long-term Debt:	Balance 1/01/04	Additions	Retirements	Balance 12/31/04
3.27% Note Payable to Bank	\$ 1,371,709	\$ -	\$ 132,500	\$ 1,239,209
3.45% Note Payable to Bank	978,308	1,500,000	232,260	2,246,048
	<u>\$ 2,350,017</u>	<u>\$ 1,500,000</u>	<u>\$ 364,760</u>	<u>\$ 3,485,257</u>

C. Debt service requirements to maturity:

	Enterprise Fund Sewage Disposal and Water System Bonds		General Long-Term Debt	
	Principal	Interest	Principal	Interest
2005	\$ 525,000	\$ 439,189	\$ 359,879	\$ 111,658
2006	540,000	417,443	371,415	100,122
2007	550,000	394,217	384,169	87,368
2008	575,000	369,873	397,363	74,174
2009	595,000	343,663	411,009	60,528
2010	540,000	316,212	425,123	46,414
2011	565,000	292,488	439,724	31,813
2012	450,000	267,444	454,826	16,711
2013	470,000	248,683	241,749	6,749
2014	495,000	228,562	-	-
2015	515,000	206,893	-	-
2016	540,000	183,807	-	-
2017	580,000	158,713	-	-
2018	605,000	131,607	-	-
2019	635,000	102,976	-	-
2020	665,000	72,702	-	-
2021	700,000	40,828	-	-
2022	42,000	6,147	-	-
2023	50,000	4,363	-	-
2024	50,000	2,187	-	-
	<u>\$ 9,687,000</u>	<u>\$ 4,227,997</u>	<u>\$ 3,485,257</u>	<u>\$ 535,537</u>

NOTE 8 - RESERVED FUND BALANCE

Reserved fund balance of \$414,365 in the General Fund represents \$217,103 of cablevision royalties and \$35,000 other revenues unavailable for appropriation and expenditure without specific Board action and \$162,262 reserved for land purchase. Since these assets are not available for appropriation and expenditures at the balance sheet date, they are segregated in the financial statements presentation.

NOTE 9 - RETIREMENT PLAN

The Township participates has a defined contribution pension plan for Michigan Township employees under contract with the Manufacturers Life Insurance Company. Listed below is a summary of the significant plan provisions adopted by Board resolution in November 1984:

A. Eligibility Requirements

1. Attained age of 18 and not more than 75.
2. No minimum service requirement.
3. All elected officials and full-time employees working 37 hours or more per week.

Tobin & Co.

Garfield Charter Township Notes to Financial Statements December 31, 2004

NOTE 9 - RETIREMENT PLAN (Continued)

B. Contributions

1. 10% of annual compensation funded entirely by the Township on an annual basis.
2. Compensation determined by the basic annual rate of compensation in effect at the beginning of the plan year.
3. Township pays 100% of required annual contribution.

C. Vesting

1. Contributions are vested to the employee immediately upon early retirement, termination of services, death, disability, or normal retirement at 100%.

D. Plan Administration

1. The plan is administered by the Township Clerk.

During the audit year, the total contribution for the plan year, January 1, 2004 to December 31, 2004 was \$86,301. Covered payroll for the year was \$857,585 with total payroll for all employees of \$948,996. The plan was funded at the required contribution amount.

NOTE 10- DEFERRED COMPENSATION PLAN

Garfield Charter Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by Aetna Life and Annuity Co. and is available to all employees. The plan allows employees to defer a portion of their salary until a future date. It becomes available to the employee at death, termination, retirement or disability. During the audit year employees deferred \$73,130 of compensation.

NOTE 11- POST EMPLOYMENT BENEFITS

As of October 26, 2000, the Township Board voted to provide certain post employment health care benefits. The Township pays 100% of the premiums of health care coverage for employees (and their spouse) who retire with 12 consecutive years of full-time service and are at least 58 years of age. The Township's regular health care benefit providers underwrite the retiree's policies. Retirees may not convert the benefit into an in-lieu of payment to secure coverage under independent plans.

The Township intends to fund the post employment health care benefits on a pay-as-you-go basis.

As of December 31, 2004, there was one employee who had retired with eligibility for the coverage benefit with contributions of \$10,758. As of December 31, 2004, future benefit expenditures could not be reasonably estimated.

NOTE 12- INVENTORIES

Garfield Charter Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expense at the time of purchase.

NOTE 13- TAXES RECEIVABLE

Current property taxes receivable are offset by deferred revenue until the beginning of the Township fiscal year, at which time the current levy is recognized as revenue. Total taxes receivable at December 31, 2004 were \$2,828,638. Deferred assessments receivable of \$3,137,576 are offset by deferred revenue with the current installment recognized as revenue each year.

NOTE 14- ACCOUNTS PAYABLE

Accounts payable of \$70,214 in the General Fund, \$2,872 in the Special Revenue funds, and \$6,041 in the Trust and Agency Fund represent liabilities to vendors at December 31, 2004. Accounts payable of \$271,979 in the Enterprise Fund represent monies owed to the County for operations and maintenance of the sewer and water systems and \$21,203 represent liabilities to vendors at December 31, 2004. Bonds payable of \$9,687,000 are explained in Note 6 of "Notes to Financial Statements".

Tobin & Co.

Garfield Charter Township Notes to Financial Statements December 31, 2004

NOTE 15- COMPENSATED ABSENCES

Township employees earn vacation leave, which may either be taken or accumulated, with a maximum carryover to a succeeding year of 5 days, until paid upon termination or retirement. Township employees earn sick leave which is non-cumulative and, therefore, cannot be carried over to the next calendar year. Unused accumulated sick leave shall be paid to the employee upon termination or retirement. In accordance with generally accepted accounting principles, an accrual for compensated absences of unused vacation pay of \$23,200 is reflected in the accompanying general purpose financial statements as a General Fund liability.

NOTE 16- SEGMENT INFORMATION – ENTERPRISE FUND

The Township maintains a single enterprise fund which provides water and sewer services. Segment information for the year ended December 31, 2004 was as follows:

Operating Revenues	\$ 4,530,065
Depreciation and Amortization Expense	936,441
Operating (loss)	(131,261)
Operating Grants, Entitlements, and Shared Revenues	-
Operating Transfers: In/Out	-
Tax Revenues	-
Change in Net Assets	1,008,738
Current Capital Contributions	1,074,118
Property, Plant, and Equipment:	
Additions	2,031,470
Deletions	-
Net Working Capital	5,583,808
Total Assets	42,177,368
Bonds and Other Long-Term Liabilities:	
Payable from Operating Revenues	9,687,000
Total Equity	32,260,408

NOTE 17- CONTINGENT LIABILITIES

Township management is aware of no contingent liabilities on the part of the Township.

NOTE 18- JOINT VENTURE

Garfield Charter Township entered into a master sewer agreement effective July 1, 1987 through June 30, 2010 and supplemented July 1, 1993, August 13, 1998, and March 31, 2003 with the City of Traverse City, the Townships of Peninsula, East Bay, and Acme in Grand Traverse County, the Township of Elmwood in Leelanau County and Grand Traverse County. This master sewer agreement defines the allocation of costs and establishes certain rights and responsibilities with respect to the Wastewater Treatment Plant. Grand Traverse County is the owner of the Treatment Plant and the City of Traverse City is the owner of all the multi-user facilities. Ownership of the Treatment Plant will revert to the City of Traverse City when certain bonds issued by the Grand Traverse County are retired.

The City of Traverse City is the exclusive manager of the plant for the benefit of itself and the Townships. As the exclusive manager, the City of Traverse City has the obligation to fully inform and advise the Townships as to the Treatment Plant's operations and the Townships shall have the right to comment on all matters connected with the administration of the plant. Prior to June 30, the City of Traverse City shall submit a proposed budget for the operations of the Treatment Plant for the year commencing July 1. The Townships have thirty days in which to comment on the proposed budget.

Tobin & Co.

Garfield Charter Township Notes to Financial Statements December 31, 2004

NOTE 18- JOINT VENTURE Continued)

Each of the parties of the agreement is entitled to make use of a portion of the Treatment Plant's capacity as follows:

<u>Party</u>	<u>Capacity Right</u>
City of Traverse City	62.45%
Garfield Township	14.37
East Bay Township	11.24
Elmwood Township	4.70
Acme Township	4.37
Peninsula Township	<u>2.87</u>
	<u>100%</u>

Each participant in the joint venture pays an amount sufficient to cover their pro rata share of the treatment plant costs. Each participant's pro rata share is determined by their volume of sewage treated in relation to total sewage treated at the plant.

The Township is also liable for a portion of the Treatment Plant's debt. A portion of the liability is fixed and a portion is determined on a biannual basis based upon the amount of the Township's flows through the Treatment Plant. The Township's portion of Treatment Plant debt is estimated as follows:

Year Ended December 31,

2005	\$ 791,139
2006	786,721
2007	781,529
2008	773,132
2009	784,874
2010 and thereafter	<u>9,337,895</u>
Total	13,255,290
Less interest portion	<u>4,065,166</u>
	<u>\$ 9,190,124</u>

NOTE 19- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 20- PRIOR PERIOD ADJUSTMENT

The prior period adjustment to the Enterprise Water and Sewer Fund of \$36,801 was used to record the cost of land previously unrecorded by the fund.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended December 31, 2004

Schedule 1
Page 1

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 1,355,956	\$ 1,355,956	\$ 1,281,571	\$ (74,385)
Delinquent Taxes	1,000	1,000	9,694	8,694
Penalties and Interest on Taxes	1,000	1,000	4,363	3,363
Swamp Tax	40	40	41	1
Trailer Park Fees	7,500	7,500	7,225	(275)
Licenses and Permits:				
Building Permits	200,000	200,000	290,366	90,366
Planning and Zoning Fees	10,000	10,000	10,071	71
Tax Abatement Fees	300	300	2,500	2,200
State Grants:				
State Recreation Grant	-	-	505,000	505,000
State Shared Revenues	888,600	888,600	934,321	45,721
State Shared Revenues – Liquor Law	10,000	10,000	13,313	3,313
Charges for Services:				
Tax Collection Fees	27,000	27,000	28,246	1,246
Other	7,000	7,000	21,362	14,362
Interest and Rents:				
Interest	100,000	100,000	66,616	(33,384)
Rent	4,000	4,000	12,710	8,710
Royalties	120,000	120,000	184,663	64,663
Other:				
Sale of Fixed Assets	1,000	1,000	6,769	5,769
Unrealized Gain on Investments	-	-	3,626	3,626
Total Revenues	<u>2,733,396</u>	<u>2,733,396</u>	<u>3,382,457</u>	<u>649,061</u>
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages – Trustees, Secretary and Receptionist	-	-	82,840	-
Supplies	-	-	24,988	-
Legal	-	-	135,952	-
Audit and Accounting	-	-	10,755	-
Other Contracted Services	-	-	270	-
Printing and Advertising	-	-	8,041	-
Mileage, Travel, and Education	-	-	1,098	-
Dues and Publications	-	-	5,350	-
Other	-	-	173	-
Total	<u>222,040</u>	<u>372,040</u>	<u>269,467</u>	<u>102,573</u>
Total Legislative	<u>222,040</u>	<u>372,040</u>	<u>269,467</u>	<u>102,573</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended December 31, 2004

Schedule 1
Page 2

<u>Expenditures (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	67,600	-
Salaries and Wages – Assistants and Secretaries	-	-	175,991	-
Supplies	-	-	4,289	-
Contractual Services	-	-	26,997	-
Printing and Advertising	-	-	58	-
Mileage and Education	-	-	6,099	-
Dues and Publications	-	-	2,265	-
Total	<u>282,726</u>	<u>292,726</u>	<u>283,299</u>	<u>9,427</u>
Elections:				
Salaries and Wages	-	-	9,558	-
Supplies	-	-	4,241	-
Printing and Publishing	-	-	1,284	-
Maintenance and Repairs	-	-	794	-
Total	<u>27,500</u>	<u>27,500</u>	<u>15,877</u>	<u>11,623</u>
Clerk:				
Salaries and Wages	-	-	56,000	-
Salaries and Wages – Deputy and Other	-	-	67,688	-
Mileage and Education	-	-	6,891	-
Dues and Publications	-	-	266	-
Other	-	-	626	-
Total	<u>129,471</u>	<u>139,471</u>	<u>131,471</u>	<u>8,000</u>
Board of Review:				
Salaries and Wages	-	-	1,700	-
Total	<u>3,200</u>	<u>3,200</u>	<u>1,700</u>	<u>1,500</u>
Treasurer:				
Salaries and Wages	-	-	57,200	-
Salaries and Wages – Deputy and Other	-	-	39,895	-
Supplies	-	-	6,073	-
Legal	-	-	177	-
Printing and Publishing	-	-	5,485	-
Mileage and Education	-	-	7,840	-
Dues and Publications	-	-	427	-
Total	<u>121,400</u>	<u>131,400</u>	<u>117,097</u>	<u>14,303</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
General Fund
For the Year Ended December 31, 2004

Schedule 1
Page 3

<u>Expenditures (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Computer Support:				
Supplies	-	-	2,685	-
Maintenance and Support	-	-	22,475	-
Total	45,000	45,000	25,160	19,840
Township Hall and Grounds:				
Supplies	-	-	5,960	-
Telephone	-	-	13,853	-
Public Utilities	-	-	21,138	-
Maintenance and Repairs	-	-	25,812	-
Total	61,000	101,000	66,763	34,237
Total General Government	670,297	740,297	641,367	98,930
Public Safety:				
Police Contract	705,100	705,100	705,100	-
Building Inspector:				
Salaries and Wages	-	-	143,667	-
Supplies	-	-	489	-
Mileage and Education	-	-	8,358	-
Dues and Publications	-	-	1,214	-
Total	159,470	169,470	153,728	15,742
Planning Commission:				
Salaries and Wages	-	-	15,000	-
Legal	-	-	50,843	-
Printing and Publishing	-	-	3,539	-
Dues and Publications	-	-	330	-
Total	54,000	79,000	69,712	9,288
Township Planner:				
Salaries and Wages	-	-	122,593	-
Fringe Benefits	-	-	1,186	-
Supplies and Postage	-	-	2,092	-
Legal Services	-	-	570	-
Total	138,700	138,700	126,441	12,259
Zoning Board of Appeals:				
Salaries and Wages	-	-	3,300	-
Legal	-	-	5,540	-
Advertising	-	-	1,131	-
Total	13,500	13,500	9,971	3,529

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended December 31, 2004

Schedule 1
Page 4

Expenditures (Continued)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Zoning Administrator:				
Salaries and Wages	-	-	88,097	-
Supplies	-	-	353	-
Mileage and Education	-	-	838	-
Total	95,850	95,850	89,288	6,562
Total Public Safety	1,166,620	1,201,620	1,154,240	47,380
Heath and Welfare:				
Community Promotions	252,700	266,004	152,050	113,954
Public Works:				
Street Lighting	70,000	70,000	62,282	7,718
Other:				
Township Vehicles	5,000	5,000	2,954	2,046
Employee Benefits and Insurance	530,000	530,000	497,281	32,719
Total	535,000	535,000	500,235	34,765
Contingency	53,600	53,600	-	53,600
Capital Outlay	55,000	717,606	695,434	22,172
Total Expenditures	3,025,257	3,956,167	3,475,075	481,092
Excess Revenues (Expenditures)	(291,861)	(1,222,771)	(92,618)	1,130,153
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(50,000)	(300,000)	(250,000)	50,000
Total	(50,000)	(300,000)	(250,000)	50,000
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	(1) \$ (341,861)	\$ (1,522,771)	(342,618)	\$ 1,180,153
Fund Balance – Beginning of Year			4,013,252	
Fund Balance – End of Year			\$ 3,670,634	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Fire Fund
For the Year Ended December 31, 2004

Schedule 2

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>Revenues</u>				
Taxes:				
Current Taxes	\$ 1,009,738	\$ 1,009,738	\$ 1,007,033	\$ (2,705)
Interest and Rents:				
Interest	20,000	-	9,872	9,872
Unrealized Gain on Investments	-	-	2,543	2,543
Total	<u>1,029,738</u>	<u>1,009,738</u>	<u>1,019,448</u>	<u>9,710</u>
<u>Expenditures</u>				
Salaries and Wages	-	-	134,603	-
Supplies	-	-	1,597	-
Contracted Services	-	-	803,749	-
Telephone	-	-	1,920	-
Public Utilities	-	-	15,053	-
Maintenance and Repairs	-	-	17,748	-
Other	-	-	2,651	-
Capital Outlay	-	-	887	-
Total	<u>1,029,738</u>	<u>1,049,738</u>	<u>978,208</u>	<u>71,530</u>
<u>Excess Revenues (Expenditures)</u>	<u>\$ -</u>	<u>\$ (40,000)</u>	41,240	<u>\$ 81,240</u>
Fund Balance – Beginning of Year			676,382	
Fund Balance – End of Year			<u>\$ 717,622</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Public Works Fund
For the Year Ended December 31, 2004

Schedule 3

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ 25,000	\$ 10,000	\$ 10,340	\$ 340
Total	<u>25,000</u>	<u>10,000</u>	<u>10,340</u>	<u>340</u>
<u>Expenditures</u>				
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Excess Revenues (Expenditures)</u>	<u>\$ 25,000</u>	<u>\$ 10,000</u>	10,340	<u>\$ 340</u>
Fund Balance – Beginning of Year			<u>617,338</u>	
Fund Balance – End of Year			<u>\$ 627,678</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Municipal Building Construction Fund
For the Year Ended December 31, 2004

Schedule 4

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>Revenues</u>				
Total	\$ -	\$ -	\$ -	\$ -
<u>Expenditures</u>				
Capital Outlay	2,000,000	2,250,000	1,625,484	624,416
Total	2,000,000	2,250,000	1,625,484	624,416
<u>Excess Revenues (Expenditures)</u>	<u>(2,000,000)</u>	<u>(2,250,000)</u>	<u>(1,625,584)</u>	<u>624,416</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds of Loan	500,000	1,750,000	1,500,000	(250,000)
Operating Transfers In	-	-	250,000	250,000
Operating Transfers (Out)	-	-	-	-
Total	500,000	1,750,000	1,750,000	-
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ (1,500,000)</u>	<u>\$ (500,000)</u>	124,416	<u>\$ 624,416</u>
Fund Balance – Beginning of Year			35,801	
Fund Balance – End of Year			<u>\$ 160,217</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township Combining Balance Sheet Non-Major Governmental Funds December 31, 2004

Schedule 5

<u>Assets</u>	<u>Special Revenue</u>			<u>Debt Service</u>		<u>Total</u>
	<u>Public Improvement</u>	<u>Budget Stabilization</u>	<u>Street Lighting</u>	<u>Park System</u>	<u>Municipal Building</u>	
Cash and Cash Equivalents	\$ -	\$ -	\$ 30,317	\$ 226,468	\$ 319,559	\$ 576,344
Certificates of Deposit	-	77,561	-	-	-	77,561
Investments	213,144	-	-	-	-	213,144
Taxes Receivable – Current	-	-	-	307,475	307,475	614,950
Special Assessments Receivable:						
Current	-	-	14,166	-	-	14,166
Delinquent	1,777	-	-	-	-	1,777
Deferred	374	-	-	-	-	374
Interest Receivable on Assessments	147	-	-	-	-	147
Total Assets	<u>\$ 215,442</u>	<u>\$ 77,561</u>	<u>\$ 44,483</u>	<u>\$ 533,943</u>	<u>\$ 627,034</u>	<u>\$ 1,498,463</u>
<u>Liabilities and Fund Equity</u>						
Liabilities:						
Due to Other Funds	\$ -	\$ -	\$ 1,427	\$ -	\$ -	\$ 1,427
Deferred Revenue	374	-	17,490	337,280	337,280	692,424
Total	374	-	18,917	337,280	337,280	693,851
Fund Equity:						
Fund Balance – Reserved	-	-	-	-	-	-
Fund Balance – Unreserved	215,068	77,561	25,566	196,663	289,754	804,612
Total	215,068	77,561	25,566	196,663	289,754	804,612
Total Liabilities and Fund Balance	<u>\$ 215,442</u>	<u>\$ 77,561</u>	<u>\$ 44,483</u>	<u>\$ 533,943</u>	<u>\$ 627,034</u>	<u>\$ 1,498,463</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
December 31, 2004

Schedule 6

	Special Revenue			Debt Service		Capital Projects	
Revenues	Public Improvement	Budget Stabilization	Street Lighting	Park System	Municipal Building	Park System	Total
Taxes	\$ -	\$ -	\$ -	\$ 316,052	\$ 316,052	\$ -	\$ 632,104
Interest & Rents	20	-	128	-	-	-	148
Other	5,447	-	17,491	500,000	-	-	522,938
Total	5,467	-	17,619	816,052	316,052	-	1,155,190
Expenditures							
Public Works	-	-	17,626	-	-	-	17,626
Other	-	-	-	-	-	-	-
Capital Outlay	-	-	-	500,000	-	109,692	609,692
Debt Service	-	-	-	176,062	295,954	-	472,016
Total	-	-	17,626	676,062	295,954	109,692	1,099,334
Excess Revenues (Expenditures)	5,467	-	(7)	139,990	20,098	(109,692)	55,856
Other Financing Sources (Uses)							
Operating Transfers In	-	-	-	-	-	70,162	70,162
Operating Transfers (Out)	-	-	-	(70,162)	-	-	(70,162)
Total	-	-	-	(70,162)	-	70,162	-
Excess Revenues (Expenditures) and Other Financings Sources (Uses)	5,467	-	(7)	69,828	20,098	(39,530)	55,856
Fund Balance - Beg. of Year	209,601	77,561	25,573	126,835	269,656	39,530	748,756
Fund Balance - End of Year	\$ 215,068	\$ 77,561	\$ 25,566	\$ 196,663	\$ 289,754	\$ -	\$ 804,612

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Public Improvement Fund
For the Year Ended December 31, 2004

Schedule 7

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ -	\$ -	\$ 20	\$ 20
Other:				
Special Assessments	<u>2,690</u>	<u>5,175</u>	<u>5,447</u>	<u>272</u>
Total	<u>2,690</u>	<u>5,175</u>	<u>5,467</u>	<u>292</u>
<u>Expenditures</u>				
Road Construction	50,000	50,000	-	50,000
Debt Service	<u>2,150</u>	<u>35,100</u>	-	<u>35,100</u>
Total	<u>52,150</u>	<u>85,100</u>	-	<u>85,100</u>
<u>Excess Revenues (Expenditures)</u>	<u>(49,460)</u>	<u>(79,925)</u>	<u>5,467</u>	<u>85,392</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	50,000	50,000	-	(50,000)
Operating Transfers (Out)	-	-	-	-
Total	<u>50,000</u>	<u>50,000</u>	-	<u>(50,000)</u>
<u>Excess Revenues (Expenditures) and</u> <u>Other Financing Sources (Uses)</u>	<u>\$ 540</u>	<u>\$ (29,925)</u>	<u>5,467</u>	<u>\$ 35,392</u>
Fund Balance – Beginning of Year			<u>209,601</u>	
Fund Balance – End of Year			<u>\$ 215,068</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Budget Stabilization Fund
For the Year Ended December 31, 2004

Schedule 8

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>	<u>Original</u>	<u>Final</u>		
Interest and Rents:				
Interest	\$ -	\$ -	\$ -	\$ -
Total	-	-	-	-
<u>Expenditures</u>				
Total	-	-	-	-
<u>Excess Revenues (Expenditures)</u>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance – Beginning of Year			77,561	
Fund Balance – End of Year			<u>\$ 77,561</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Street Lighting Fund
For the Year Ended December 31, 2004

Schedule 9

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ 100	\$ 100	\$ 128	\$ 28
Other:				
Special Assessments	<u>17,000</u>	<u>17,000</u>	<u>17,491</u>	<u>491</u>
Total	<u>17,100</u>	<u>17,100</u>	<u>17,619</u>	<u>519</u>
<u>Expenditures</u>				
Public Utilities	<u>17,000</u>	<u>17,000</u>	<u>17,626</u>	<u>(626)</u>
Total	<u>17,000</u>	<u>17,000</u>	<u>17,626</u>	<u>(626)</u>
<u>Excess Revenues (Expenditures)</u>	<u>\$ 100</u>	<u>\$ 100</u>	(7)	<u>\$ (107)</u>
Fund Balance – Beginning of Year			<u>25,573</u>	
Fund Balance – End of Year			<u>\$ 25,566</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Park System Fund
For the Year Ended December 31, 2004

Schedule 10

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>				
Current Taxes	\$ 300,000	\$ 300,000	\$ 316,052	\$ 16,052
Donations	-	-	500,000	500,000
Total	<u>300,000</u>	<u>300,000</u>	<u>816,052</u>	<u>516,052</u>
<u>Expenditures</u>				
Capital Outlay	-	-	500,000	-
Debt Service	-	-	176,062	-
Total	<u>140,000</u>	<u>215,000</u>	<u>676,062</u>	<u>(461,062)</u>
<u>Excess Revenues (Expenditures)</u>	<u>160,000</u>	<u>85,000</u>	<u>139,990</u>	<u>54,990</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	(10,000)	(70,162)	(60,162)
Total	-	(10,000)	(70,162)	(60,162)
<u>Excess Revenues (Expenditures) and</u> <u>Other Financing Sources (Uses)</u>	<u>\$ 160,000</u>	<u>\$ 75,000</u>	<u>69,828</u>	<u>\$ (5,172)</u>
Fund Balance -- Beginning of Year			<u>126,835</u>	
Fund Balance -- End of Year			<u>\$ 196,663</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Building Fund
For the Year Ended December 31, 2004

Schedule 11

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Current Taxes	\$ 300,000	\$ 300,000	\$ 316,052	\$ 16,052
Total	300,000	300,000	316,052	16,052
<u>Expenditures</u>				
Debt Service	140,000	340,000	295,954	44,046
Total	140,000	340,000	295,954	44,046
<u>Excess Revenues (Expenditures)</u>	<u>\$ 160,000</u>	<u>\$ (40,000)</u>	20,098	<u>\$ 60,098</u>
Fund Balance – Beginning of Year			269,656	
Fund Balance – End of Year			<u>\$ 289,754</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Park System Construction Fund
For the Year Ended December 31, 2004

Schedule 12

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>	<u>Original</u>	<u>Final</u>		
Total	\$ -	\$ -	\$ -	\$ -
<u>Expenditures</u>				
Capital Outlay	50,000	150,000	109,692	40,308
Total	50,000	150,000	109,692	40,308
<u>Excess Revenues (Expenditures)</u>	<u>(50,000)</u>	<u>(150,000)</u>	<u>(109,692)</u>	<u>40,308</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	100,000	70,162	(29,838)
Operating Transfers (Out)	-	-	-	-
Total	-	100,000	70,162	(29,838)
<u>Excess Revenues (Expenditures) and</u> <u>Other Financing Sources (Uses)</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>(39,530)</u>	<u>\$ 10,470</u>
Fund Balance – Beginning of Year			39,530	
Fund Balance – End of Year			\$ -	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2004

Schedule 13

Trust and Agency Fund			
Assets	Balance 12/31/03	Additions	Deductions
Cash and Investments	\$ 24,925	\$ 51,780	\$ 44,720
Accounts Receivable	145	-	145
Total Assets	\$ 25,070	\$ 51,780	\$ 44,865
			\$ 31,985
Liabilities	Balance 12/31/03	Additions	Deductions
Accounts Payable	\$ 1,887	\$ 6,041	\$ 1,887
Undistributed Taxes and Interest	-	-	-
Due to Other Funds and Escrow Deposits	23,183	51,780	49,019
Total Liabilities	\$ 25,070	\$ 57,821	\$ 50,906
			\$ 31,985
Current Tax Collection Fund			
Assets	Balance 12/31/03	Additions	Deductions
Cash	\$ 1,731,160	\$ 27,698,455	\$ 27,169,418
Due from Other Funds	-	-	-
Total Assets	\$ 1,731,160	\$ 27,698,455	\$ 27,169,418
			\$ 2,260,197
Liabilities	Balance 12/31/03	Additions	Deductions
Accounts Payable	\$ -	\$ -	\$ -
Undistributed Taxes and Interest	1,731,160	27,698,455	27,169,418
Due to Other Funds and Escrow Deposits	-	-	-
Total Liabilities	\$ 1,731,160	\$ 27,698,455	\$ 27,169,418
			\$ 2,260,197
Flex Medical Insurance Fund			
Assets	Balance 12/31/03	Additions	Deductions
Cash	\$ 569	\$ 14,134	\$ 12,480
Due from Other Funds	-	-	-
Total Assets	\$ 569	\$ 14,134	\$ 12,480
			\$ 2,223
Liabilities	Balance 12/31/03	Additions	Deductions
Accounts Payable	\$ -	\$ -	\$ -
Undistributed Taxes and Interest	-	-	-
Due to Other Funds and Escrow Deposits	569	14,134	12,480
Total Liabilities	\$ 569	\$ 14,134	\$ 12,480
			\$ 2,223
Total			
Assets	Balance 12/31/03	Additions	Deductions
Cash	\$ 1,756,654	\$ 27,764,369	\$ 27,226,618
Due from Other Funds	145	-	145
Total Assets	\$ 1,756,654	\$ 27,764,369	\$ 27,226,618
			\$ 2,294,405
Liabilities	Balance 12/31/03	Additions	Deductions
Accounts Payable	\$ 1,887	\$ 6,041	\$ 1,887
Undistributed Taxes and Interest	1,731,160	27,698,455	27,169,418
Due to Other Funds and Escrow Deposits	23,752	65,914	61,499
Total Liabilities	\$ 1,756,799	\$ 27,770,410	\$ 27,232,804
			\$ 2,294,405

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Garfield Charter Township
2003 Property Tax Levy and Collections
For the Year Ended December 31, 2004

Schedule 14

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County	(1) 6.1772	\$ 4,010,065	\$ 3,784,724	\$ 225,341
State Education	5.0000	3,293,990	3,177,328	116,662
School District	21.1000	9,542,065	9,148,208	393,857
Intermediate School District	2.9929	1,942,902	1,873,073	69,829
Community College	3.0693	1,996,228	1,904,179	92,049
District Library	1.2290	798,869	753,889	44,980
BATA	0.3500	227,186	214,420	12,766
Township:				
General, Police, Parks and Building	2.9275	1,900,467	1,793,672	106,795
Fire Protection	(2) 1.8000	990,389	935,862	54,527
Brownfields		191,935	183,052	8,883
Special Assessments		43,256	34,320	8,936
Sewer and Water Usage		<u>21,141</u>	<u>14,315</u>	<u>6,826</u>
Total		<u>\$ 24,958,493</u>	<u>\$ 23,817,042</u>	<u>\$ 1,141,451</u>

Percent of Levy Collected 95.43%

(1) Includes Commission on Aging (.2763 mill) and Medical Care Facility (.6897 mill) voted levy.

(2) Levied on real property only.

The Notes to the Basic Financial Statements are an integral part of this statement.